

Senate Study Bill 1221

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CHAIRPERSON BOLKCOM)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to biodiesel fuel, by exempting qualified small
2 biodiesel producers from motor fuel tax and licensing
3 requirements, and providing for the early elimination of an
4 income tax credit for retail dealers who sell biodiesel
5 blended fuel.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
7 TLSB 2130SC 82
8 da/es/88

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1 1 DIVISION I
1 2 QUALIFIED SMALL BIODIESEL PRODUCERS
1 3 Section 1. Section 214A.1, Code 2007, is amended by adding
1 4 the following new subsection:
1 5 NEW SUBSECTION. 17A. "Qualified small biodiesel producer"
1 6 means a natural person who produces biodiesel if all of the
1 7 following apply:
1 8 a. The biodiesel is used for the person's own use or the
1 9 use of other natural persons who reside in the person's
1 10 household.
1 11 b. The person does not produce more than three hundred
1 12 gallons of biodiesel during any year.
1 13 Sec. 2. Section 214A.2A, Code 2007, is amended by adding
1 14 the following new subsection:
1 15 NEW SUBSECTION. 3. A qualified small biodiesel producer
1 16 is not required to produce biodiesel that meets the standards
1 17 of section 214A.2.
1 18 Sec. 3. Section 452A.2, Code 2007, is amended by adding
1 19 the following new subsection:
1 20 NEW SUBSECTION. 29A. "Qualified small biodiesel producer"
1 21 means the same as defined in section 214A.1.
1 22 Sec. 4. Section 452A.3, subsection 3, Code 2007, is
1 23 amended to read as follows:
1 24 3. For the privilege of operating motor vehicles or
1 25 aircraft in this state, there is imposed an excise tax on the
1 26 use of special fuel in a motor vehicle or aircraft. The tax
1 27 rate on special fuel for diesel engines of motor vehicles is
1 28 twenty-two and one-half cents per gallon. An excise tax shall
1 29 not be imposed on the use of biodiesel or biodiesel blended
1 30 fuel produced by a qualified small biodiesel producer. The
1 31 rate of tax on special fuel for aircraft is three cents per
1 32 gallon. On all other special fuel, unless otherwise specified
1 33 in this section, the per gallon rate is the same as the motor
1 34 fuel tax. Indelible dye meeting United States environmental
1 35 protection agency and internal revenue service regulations
2 1 must be added to fuel before or upon withdrawal at a terminal
2 2 or refinery rack for that fuel to be exempt from tax and the
2 3 dyed fuel may be used only for an exempt purpose.
2 4 Sec. 5. Section 452A.6, subsection 1, Code 2007, is
2 5 amended by adding the following new paragraph:
2 6 NEW PARAGRAPH. c. A person is not required to obtain a
2 7 blender's license if the person is a qualified small biodiesel
2 8 producer.
2 9 DIVISION II
2 10 BIODIESEL BLENDED FUEL TAX CREDIT
2 11 Sec. 6. Section 422.11P, subsection 6, Code 2007, is
2 12 amended to read as follows:
2 13 6. This section is repealed January 1, ~~2012~~ 2011.
2 14 EXPLANATION
2 15 DIVISION I == QUALIFIED SMALL BIODIESEL PRODUCERS. This

2 16 bill defines qualified small biodiesel producers who are
2 17 individuals producing biodiesel for their own use or the use
2 18 of others in their household, so long as they do not produce
2 19 more than 300 gallons during a year. According to Code
2 20 section 214A.1, biodiesel (sometimes called soydiesel) is a
2 21 renewable fuel comprised of mono=alkyl esters of long=chain
2 22 fatty acids derived from vegetable oils or animal fats. It
2 23 may be used to power diesel engines usually as part of mixture
2 24 of biodiesel and diesel fuel (biodiesel blended fuel).
2 25 The bill provides that a qualified small biodiesel producer
2 26 is not required to meet the standards for biodiesel
2 27 established by the department of agriculture and land
2 28 stewardship as otherwise provided in Code section 214A.2. The
2 29 bill amends Code section 452A.3 to exempt a qualified small
2 30 producer from the imposition of excise taxes (motor fuel
2 31 taxes) on special fuels which would otherwise be collected by
2 32 the department of revenue. The bill also provides that a
2 33 qualified small biodiesel producer is not required to obtain a
2 34 blenders license from the department of revenue or maintain
2 35 records.

3 1 DIVISION II == BIODIESEL BLENDED FUEL TAX CREDIT. The bill
3 2 amends Code section 422.11P, which establishes a biodiesel
3 3 blended fuel tax credit. Under that Code section a retail
3 4 dealer who sells and dispenses diesel fuel from a motor fuel
3 5 pump is eligible for this income tax credit if the retail
3 6 dealer sells and dispenses 50 percent or more biodiesel
3 7 blended fuel during the tax year. The amount of the tax
3 8 credit is 3 cents multiplied by the total number of gallons of
3 9 biodiesel blended fuel sold and dispensed by the retail
3 10 dealer. The tax credit is repealed on January 1, 2012.

3 11 The bill provides that the tax credit is repealed on
3 12 January 1, 2011.

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